

## **APPRAISAL REVIEW REPORT**

**Conservation Easement  
Cemex Santa Cruz Mountains Forest  
Davenport, CA  
Agreement Number: RA-1309BG  
CORE - 20131028**

**Client:**

Mr. John P. Donnelly, Executive Director  
c/o: Mr. Brian Gibson, Senior Land Agent  
Wildlife Conservation Board  
California Department of Fish and Wildlife  
1807 13th Street, Suite 103  
Sacramento, CA 95811

**Prepared by:**

Craig Owyang Real Estate  
Craig A. Owyang, MAI, SRA  
4965 Willow Vale Way  
Elk Grove, California 95758

**Date of Report:**

March 28, 2014

**Effective Date of Review:**

March 28, 2014

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# CRAIG OWYANG REAL ESTATE

March 28, 2014

Mr. John P. Donnelly, Executive Director  
c/o: Mr. Brian Gibson, Senior Land Agent  
Wildlife Conservation Board  
California Department of Fish and Wildlife  
1807 13th Street, Suite 103  
Sacramento, CA 95811

RE: Appraisal Review  
Conservation Easement  
Cemex Santa Cruz Mountains Forest  
Davenport, CA  
Agreement Number: RA-1309BG  
CORE - 20131028

Messrs. Donnelly and Gibson:

As requested, I have conducted an *Appraisal Review* on the *Appraisal Report* of the above mentioned property that was prepared by Messrs. Neil A. Lefmann, MAI, SRA & Norman C. Hulberg, MAI. The *Summary Appraisal Report* was prepared on October 18, 2013. The *Effective Date of Value* is reported as August 27, 2013. The *Intended Users* of the *Appraisal Assignment* were identified as “the client, other possible funding sources, the property owners, and Save the Redwoods League.” The *Property Rights* appraised were the *Fee Simple Estate* and *Conservation Easement*. Mr. Lefmann reported he made a personal inspection of the property, whereas, Mr. Hulberg did not make a personal inspection. During the process of my *Appraisal Review*, I did not find the need to contact Messrs. Lefmann or Hulberg for clarification of any significant issues in their *Appraisal Report*.

The *Appraisal Report* includes Messrs. Lefmann’s & Hulberg’s opinion of “*Fair Market Value*” at \$23,225,000, which I have found to be appropriately developed and adequately supported in their *Appraisal Report*.

The *Scope of Work* in this *Appraisal Assignment* includes my personal inspection of the property, review of the *Appraisal Report*, and preparation of this *Appraisal Review* report. It should be noted, while I have made a personal inspection of the property, due to its large size I have not observed all of the lands. Therefore, I have made an *Extraordinary Assumption* the information included in the *Appraisal Report* is consistent with the property’s actual characteristics.

This *Appraisal Review* report has been prepared with the intent to conform with the requirements set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the State of California - Department of General Services (DGS) regulations, as well as the Appraisal Specifications of the Wildlife Conservation Board (WCB) of the California Department of Fish and Wildlife. The definition of *Fair Market Value* is cited in the California Code of Civil Procedures, Section 1263.320. The *Intended Use* of this *Appraisal Review* is exclusively for use by Wildlife Conservation Board (WCB) of the California Department of Fish and Wildlife. This *Appraisal Review* report was prepared on March 28, 2014.

I have found the *Appraisal Report* to be generally acceptable in data and documentation with regard to the preceding standards, regulations and policies. While it was my initial understanding the *Appraisal Report* would be completed in accordance with the *Uniform Appraisal Standards for Federal Land Acquisition (UASFLA)*, I have since been advised these standards are not applicable.

## ***Extraordinary Assumptions - Appraisal Report***

Two *Extraordinary Assumptions* are included in the *Appraisal Report*.

*1/2 - Accuracy of Information - It is assumed that all information relied upon is accurate. A revision to the appraisal may be warranted if information is later discovered to be inaccurate.*

*2/2 - Our value conclusions specifically assume that mineral rights, including water rights, and rights to carbon credits contribute no separate identifiable value.*

In developing the *Fair Market Value*, the *Extraordinary Assumptions* are reasonable and acceptable.

### ***Hypothetical Conditions - Appraisal Report***

Three *Hypothetical Conditions* are included in the *Appraisal Report*.

*1/3 - Conservation Easement - The value of the subject property in the After Condition, and the value of the Conservation Easement both assume that the Conservation Easement document has been perfected; that is, these assume the hypothetical condition that the CE, as proposed and included as Exhibit C in the addenda materials, legally encumbers the property as of the valuation date.*

*2/3 - Parcel X and Parcels IV to VI - At close of escrow in its sale to POST/Sempervirens on December 16, 2011 CEMEX was unable to confirm record of title to Parcels IV to VI. Further, the legal description of Parcel X is captioned as a 7/8<sup>th</sup> interest. POST/Sempervirens Fund retained \$50,000 at the close of escrow to cover attorneys' fees and other costs to be incurred in acquiring insurable title to the disputed property.*

*POST and Sempervirens Fund then discussed next steps to resolve these issues. POST followed up with the title company to ask for an endorsement for the remaining 1/8 interest on Parcel X. The title company responded that property or an interest in property would not be added to an existing policy by endorsement. A separate policy would be written. In order for the title company to insure the 1/8 interest, they would require a final judgment resulting from a quiet title action.*

*Sempervirens Fund has engaged a title consultant, Bud Gorham, who has all documentation on the missing 1/8<sup>th</sup> interest of Parcel X. The consultant's report is expected soon. Sempervirens' attorney Carl Johnson is in communication with Patrick Lydon, the Assistant General Counsel at Buzzi Unicem (the owner of Lone Star). Carl conveyed that POST/Sempervirens want a quitclaim deed, and they are reviewing their files at the moment. It is an assumed hypothetical condition of this appraisal that both of the above title issues have been resolved as of the effective date of appraisal.*

*3/3 - Warnella Road and San Vicente Road Easements - Historically, easement access from Highway 1 through the adjacent Coast Dairies property has been by means of prescriptive easement, and also likely by unrecorded agreements. We are informed that easements over both these dirt access roads will soon be recorded, and have been provided with the unsigned, unrecorded easement documents, which are included as Exhibits E & F in the addenda. It is an assumption of this appraisal that both of these easement documents have been recorded as of the effective date of appraisal.*

In developing the *Fair Market Value* for the property, the *Hypothetical Conditions* are reasonable and acceptable.

It should be noted, the *Appraisal Report* includes statements that revisions to the *Appraisal Report* may be warranted if the *Assignment Conditions (Extraordinary Assumptions and/or Hypothetical Conditions)* did not apply. Strictly speaking, requirements set forth by the *USPAP* specify the *Appraisal Report* state the use of *Extraordinary Assumptions* and/or *Hypothetical Conditions* might have affected the *Assignment Results*. While the *Appraisal Report* does not specifically state the *Assignment Conditions* might have affected the *Assignment Results*, it is clear the *Appraisers* are reserving their opinions for revision if the *Assignment Conditions* require modification or differ from the characteristics of the property.

During the course of my property inspection with Ms. Catherine Elliott from Save the Redwoods League and Mr. Gordon Clark from the Peninsula Open Space Trust, it was reported to me the title issues raised in *Hypothetical Condition 2/3* have been resolved. The resolution of the title issues does not significantly impact the value of the property.

### ***Legal Description:***

A *Legal Description* for the property was included by reference to a *Preliminary Title Report* included in the *Addenda* to the *Appraisal Report*. The *Appraisal Report* includes the following excerpt:

*"... It is noted that the subject legal description comprises 15 individual legal parcels, 13 of which comprise the main block and 2 of which comprise the Laguna Creek property. However, no recorded certificates of compliance are noted in the title report."*

I have not verified the accuracy of the *Legal Description* in the *Appraisal Report*.

***Scope of Work:***

The *Scope of Work* identified in the *Appraisal Report* includes, in part:

- Definition of the appraisal problem.
- Identification of the scope of work appropriate for the appraisal problem.
- Implementation of the appropriate scope of work through the investigations, research and analysis necessary to develop their before and after value opinions, which are compared to indicate the value of the conservation easement.
- Preparation of the appraisal report satisfying the requirements of the intended use.

The *Scope of Work* identified in the *Appraisal Report* includes a number of specific tasks that are subsets of the preceding points. Collectively, the *Scope of Work* identified in the *Appraisal Report* is adequate to develop creditable *Appraisal Assignment* results.

***Sales History:***

The property was acquired by the Peninsula Open Space Trust (POS), an undivided 75% interest, and the Sempervirens Fund (Sempervirens), an undivided 25%, as *Tenants in Common* in December 2011. The grantor was RMC Pacific Materials, Inc. (Cemex), which had previously acquired the property in 2005 through the acquisition of the prior owner, the RMC Group. The sale to the POST and Sempervirens was negotiated as a “Bargain Sale” with a *Fair Market Value* of \$37,950,000 and the grantees paying \$30,000,000. Reportedly, the grantors claimed the \$7,950,000 differential as a qualified charitable contribution.

***Property Description:***

The property includes ±8,532 acres in two “blocks,” the “Main Block” with ±8,158 acres and the “Laguna Creek Parcel” with ±374 acres. The Main Block is irregularly shaped but somewhat loosely follows that of a jagged rectangle that is about ~2 miles wide and ~6 miles long. The property is accessible from the Empire Grade Road along its north end and from San Vicente Road, about 2½ miles northeast of State Route 1 (SR-1). The topography is varied from gently sloping to steep cliff drops. The elevation is approximately 400 feet above mean sea level (MSL) in its southern end to 2,600 feet, MSL at its northern end.

The surrounding and nearby properties include:

- 4,000 acres to the west that is owned by Lockheed Martin and historically been used for research and development of explosives and aerospace engineering.
- 3,200-acre Swanton Pacific Ranch to the west is owned and operated by Cal Poly - San Luis Obispo, which operates an educational and research facility.
- 7,000-acre Coast Dairies property that is owned by the Trust for Public Land and the Save the Redwoods League. This property was in the process of being transferred to the United States Bureau of Land Management.
- The Ben Lomond Conservation Fire Camp operated by the State of California Department of Corrections to the north.
- In the north, the 358-acre Filice Ranch used as a private residence and is accessible by easement across the subject.
- In the south, the 140-acre Molino Creek Farm, which is an organic farming collective.

The property has a number of creeks and watercourses, many of which are diverted and feed into a concrete culvert. From there, the water is diverted to the Cemex cement plant to the south as well as the Community of Davenport. Notably, the rights to the water collected at this point were reserved by a previous owner and are no longer part of the subject. However, this does not affect the *Highest & Best Use* of the property in its before condition.

For more than a century, the property has been used as timberlands as well as a limestone quarry. As a result, there are approximately 70 miles of unpaved roads that were used in conjunction with logging. The property is heavily treed and historically has been harvested.

The Laguna Creek Parcel is a 374-acre property that is steeply sloped and is bisected by the Laguna Creek canyon. The property is used as a watershed for the City of Santa Cruz, which, apparently has claimed the water rights from the creek for more than a century. The property does not have legal access.

With the exception of limited access to electricity, public utilities are not available to either parcel.

The large majority of the property is zoned TP - Timber Production with a small portion zoned SU - Special Use. The uses identified in the TP zone include timber operations, watershed management, fish/wildlife habitat management, and very low density residential use. The uses included the general plan designation are consistent with those of the zoning.

Notably, a substantial portion of the property's value derives from the 1,000s of acres of harvestable timber.

***Highest & Best Use - Before Condition:***

In its *Before Condition*, the appraisers made a thorough *Highest & Best Use* analysis and concluded:

*"... is for subdivision and relatively intensive rural residential/recreational/open space use uses (sic) coupled with timber harvest ..."*

***Valuation Issues - Before Condition:***

The *Appraisal Report* states the *Sales Comparison Approach* as the only method to value the property. However, while it does not specifically annotate it as such, they also use the *Income Capitalization Approach*. The *Appraisal Report* does not use the *Cost Approach* as it was identified as being not applicable.

***Main Block - Before Condition:***

The *Sales Comparison Approach* includes two portions for the "Main Block," an analysis of forest lands not suitable for residential subdivision and another analysis of forest lands that are suitable for residential subdivision. As previously noted, the *Appraisal Report* does not identify the *Income Capitalization Approach* as being used. However, the analysis of the forest lands that are suitable for residential subdivision is in fact an *Income Capitalization Approach*. Still, this does not affect the analysis in the *Appraisal Report* in any way.

The first portion of the *Sales Comparison Approach* includes six sale comparables that sold between April 2005 and December 2011. Presumably, these are the most recent and comparable properties that have sold in the subject's market area. Notably, the comparables include the December 2011 sale of the subject. The comparables are adequate to develop a reliable opinion of value. Two of the properties includes sizeable *Contributory Values* for their timber and one includes significant *Contributory Value* for its improvements.

After adjusting for the timber and improvements, the comparables' sale prices range from \$2,236 per acre to \$12,733 per acre. A *Qualitative Adjustment* analysis was performed using the appropriate *Elements of Comparison* to develop their opinions of the comparables' relationships to the subject, e.g. equal, inferior, or superior. The next step was to array the comparables with their prices (per acre) arranged from low to high. On this basis, the appraisers concluded the subject's value was between \$2,900 per acre and \$3,200 per acre. Lastly, the appraisers reconciled the indicated value by *Sales Comparison Approach* to \$24,500,000 which was equivalent to \$3,003 per acre. The methodology is adequately supported and appropriately developed.

The *Income Capitalization Approach* (though not identified as such) is essentially a static model of a subdivision analysis. The appraisers first develop their opinion of the property's value under the presumption of sales of lots after a residential subdivision. The analysis uses five sales of forest lands that are suitable for residential subdivision with sale prices from \$4,635 per acre to \$12,749 per acre. Using a similar *Qualitative Adjustment* analysis and subsequent ranking summary, the appraisers conclude the value is between \$5,000 per acre and \$5,400 per acre. They then reconciled the *Potential Aggregate Retail Value* at \$42,500,000 or \$5,210 per acre. From this amount, a four-year sellout period is projected and allowances are made for *Carrying Costs @ 9.0%* per annum, *Brokerage Commissions @ 6.0%*, and a *20% Entrepreneurial Incentive* (profit projection). In total, the costs are \$18,700,000

and are deducted from the *Potential Aggregate Retail Value*. The resulting indicated value by *Income Capitalization Approach* is \$23,800,000.

In the end, most weight is placed on the *Sales Comparison Approach* because the *Income Capitalization Approach* "... lacks the same level of certainty and credibility ..." As a result, the appraisers opine the *Fair Market Value* of the property is \$24,475,000 without the *Contributory Value* of the harvestable timber.

Messrs. Lefmann and Hulberg retained the services of Mr. Gene Forsburg of Buena Vista Services, LLC, who is both a Registered Professional Forester and Certified General Real Estate Appraiser licensed in the State of California. Although Mr. Forsburg's qualifications were not included in the *Appraisal Report*, based on his registration and license from the State of California, it appears he is competent to provide his professional opinion. Mr. Forsburg reports his opinion of *Fair Market Value* for the harvestable timber at \$8,040,000 in the before condition.

I have retained the services of Mr. Thomas Gaman with East-West Forestry Associates. Mr. Gaman is a Registered Professional Forester in the State of California and is qualified to provide his professional opinion. A copy of his report is attached to this *Appraisal Review Report*. Mr. Gaman reports the "*net present value (NPV) of \$8,038,793 for the 'before' timber value is also acceptable.*" Therefore, Mr. Gaman corroborates the Mr. Forsburg's opinion of *Fair Market Value* for the harvestable timber at \$8,040,000 in the before condition.

With *Contributory Values* of \$24,475,000 for the Main Block land and \$8,040,000 for the harvestable timber, Messrs. Lefmann and Hulberg opine the *Fair Market Value* of the Main Block to be \$32,515,000 in the before condition.

Messrs. Lefmann's and Hulberg's value opinion and methodology is adequately supported and appropriately developed.

#### ***Laguna Creek Parcel - Before Condition:***

The Laguna Creek Parcel is a 374-acre, landlocked property that is steeply sloped and used as a watershed. This portion of the property is analyzed using only the *Sales Comparison Approach*, which is appropriate. The analysis uses four sales of landlocked parcels with sale prices from \$1,577 per acre to \$2,500 per acre. Using a similar *Qualitative Adjustment* analysis and subsequent ranking summary, the appraisers conclude the value is between \$1,600 per acre and \$2,000 per acre. They then reconciled the *Contributory Value* at \$650,000 or \$1,738 per acre.

The harvestable timber for the Laguna Creek Property was opined to be \$360,000 by Mr. Forsburg and corroborated by Mr. Gaman.

With *Contributory Values* of \$650,000 for the Laguna Creek Property land and \$360,000 for the harvestable timber, Messrs. Lefmann and Hulberg opine the *Fair Market Value* of the Laguna Creek Property to be \$1,010,000 in the before condition.

Messrs. Lefmann's and Hulberg's value opinion and methodology is adequately supported and appropriately developed.

#### ***Cemex Santa Cruz Mountains Forest - Before Condition:***

The *Fair Market Value* of the Main Block is reported at \$32,515,000 in the before condition.

The *Fair Market Value* of the Laguna Creek Property is reported at \$1,010,000 in the before condition.

The *Fair Market Value* of the Cemex Santa Cruz Mountains Forest is reported at \$33,525,000 in the before condition.

Messrs. Lefmann's and Hulberg's value opinion and methodology is adequately supported and appropriately developed.

***Cemex Santa Cruz Mountains Forest - After Condition:***

While the physical characteristics of the property will not change, the conservation easement will restrict the use and development of the property. Most notably, some of the ways the property will be affected in the after condition include:

- All future development rights shall be extinguished except for public access infrastructure and a caretaker's residence.
- The property will be subject to a conservation plan that will substantially restrict timber harvesting as well as other uses.
- Future subdivision will be prohibited.
- Prohibition of the sale or transfer of water rights.
- Prohibition of recreational off-road vehicle use.

***Highest & Best Use - After Condition:***

In its *After Condition*, the appraisers made a thorough *Highest & Best Use* analysis and concluded:

*"... it is our conclusion that sustainable timber harvest operations within the portions of the property designated as working forest comprise the only financially feasible use of the Cemex property in the after condition. Therefore, these uses by default represent the highest and best use in the after condition. Private recreation uses and research activities complementary to the timber harvest operations as well as the maintenance of the property's conservation values are also considered to be included in the highest and best use."*

***Valuation Issues - After Condition:***

In the After Condition, there will be little distinction in the allowable uses between the Main Block and Laguna Creek Property. As a result, they are valued collectively.

The *Appraisal Report* states the *Sales Comparison Approach* as the only method to value the property. Given the *Appraisal Assignment* and nature of the property, I concur.

The *Sales Comparison Approach* includes seven sale comparables that sold between May 2004 and April 2013. Of the seven properties, three are large timberland properties with little or no harvestable timber and one has no effective subdivision or development potential. Presumably, these four are the most recent and comparable properties that have sold in the subject's market area. The comparables are adequate to develop a reliable opinion of value.

The remaining three properties are sales of conservation easements rather than *Fee Simple Estates*. The *Appraisal Report* makes use of the transactions by imputing the residual land value by deducting the price of the conservation easement from the appraised value of the property. However, because these sales are *Easements* rather than *Fee Simple Estates*, they aren't appropriate for use in the analysis and I have elected not to consider them. Still, four other comparables are sufficient to develop a reliable opinion of value.

The four appropriate comparables have sale prices that range from \$385 per acre to \$633 per acre. A *Qualitative Adjustment* analysis was performed using the appropriate *Elements of Comparison* to develop their opinions of the comparables' relationships to the subject, e.g. equal, inferior, or superior. In this case, all four were inferior to varying degrees. However, Comparables 18 and 16 (\$615 and \$633 per acre, respectively) were characterized as being only slightly inferior. As a side note, the imputed values of the three disregarded comparables were \$184, \$385, and \$1,438 per acre. The next step was to array the comparables with their prices (per acre) arranged from low to high. On this basis, the appraisers concluded the subject's value was between \$630 per acre and \$660 per acre. Lastly, the appraisers reconciled the indicated value by *Sales Comparison Approach* to \$5,500,000 which was equivalent to \$645 per acre. The methodology is adequately supported and appropriately developed, with the exception of comparable selection. Again, the inappropriate comparables were disregarded in my analysis. Messrs. Lefmann's and Hulberg's value opinion and methodology is adequately supported and developed. In the end, the



inappropriate comparables do not significantly negatively impact the reliability of Messrs. Lefmann's and Hulberg's value opinion.

The harvestable timber for the Cemex Santa Cruz Mountains Forest in the after condition was opined to be \$4,800,000 by Mr. Forsburg and corroborated by Mr. Gaman.

With *Contributory Values* of \$5,500,000 for the Cemex Santa Cruz Mountains Forest land value and \$4,800,000 for the harvestable timber, Messrs. Lefmann and Hulberg opine the *Fair Market Value* of the Cemex Santa Cruz Mountains Forest to be \$10,300,000 in the after condition.

Messrs. Lefmann's and Hulberg's value opinion and methodology is adequately supported and appropriately developed.

***Value of the Conservation Easement:***

The *Fair Market Value* of the Cemex Santa Cruz Mountains Forest is reported at \$33,525,000 in the before condition.

The *Fair Market Value* of the Cemex Santa Cruz Mountains Forest is reported at \$10,300,000 in the after condition.

The value of the *Conservation Easement* is the difference between the values in the before condition (\$33,525,000) and after condition (\$10,300,000). Therefore, the value of the *Conservation Easement* is \$23,225,000.

Again, Messrs. Lefmann's and Hulberg's value opinion and methodology is adequately supported and appropriately developed.

***USPAP Standard 2 Compliance - Appraisal Report***

*The report clearly and accurately sets forth the appraisal in a manner that is not misleading [S.R. 2-1(a)].*

*The appraisal report contains sufficient information to enable the intended users of the appraisal to understand the report properly [S.R. 2-1(b)].*

*The appraisal report clearly and accurately discloses any extraordinary assumptions(s), hypothetical condition(s) and/or limiting condition(s) that directly affects the appraisal and indicates its impact on value [S.R. 2-1(c)].*

*Report type is prominently noted and appropriate [S.R. 2-2].*

*The appraisal report adequately states the identity of the client and any intended users by name or type [S.R. 2-2(i)].*

*The appraisal report correctly states the intended use of the appraisal [S.R. 2-2(ii)].*

*The appraisal report adequately summarizes the information sufficiently to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment [S.R. 2-2(iii)].*

*The appraisal report states the real property interest appraised [S.R. 2-2(iv)].*

*The appraisal report states the type and definition of value, and cites its source. [S.R. 2-2(v)].*

*The appraisal report correctly states the Effective Date of the Appraisal and the Date of the Appraisal Report. [S.R. 2-2(vi)].*

*The appraisal report summarizes the scope of work used to develop the appraisal. [S.R. 2-2(vii)].*

*The appraisal report adequately summarizes the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach. [S.R. 2-2(viii)].*

*The appraisal report adequately states the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal and adequately describes the support and rationale for the appraiser's opinion of the highest and best use of the real estate. [S.R. 2-2(ix)].*

*The appraisal report clearly states the extraordinary assumptions and hypothetical conditions used in the analysis. [S.R. 2-2(x)].*

*The appraisal report includes a signed certification in accordance with Standards Rule 2-3 [S.R. 2-2(xi)].*

It is my opinion the appraisal methodology employed by Messrs. Lefmann's and Hulberg's is adequately supported and appropriately developed.

### **USPAP Standard 3 Compliance**

*My client and the Intended User is Wildlife Conservation Board of the California Department of Fish and Wildlife.*

*The Intended Use of this Appraisal Review Report is to assist the client in their acquisition negotiations of the property.*

*The Purpose of this Appraisal Review Report is to develop an opinion of the quality of the Appraisal Report in relation to the Uniform Standards of Professional Appraisal Practice (USPAP), the State of California - Department of General Services (DGS) regulations, as well as the policies of the Wildlife Conservation Board (WCB) of the California Department of Fish and Wildlife.*

*In the body of this Appraisal Review Report, I have:*

- (i) identified the ownership interest in the property that is the subject of the work under review;*
- (ii) identified the date of the report and Effective Dates of Value that is the subject of the work under review;*
- (iii) identified the appraiser who completed the work under review;*
- (iv) identified the physical, legal, and economic characteristics of the property and market area in the work under review.*

*The Effective Date for my opinions is March 28, 2014.*

*I have made the Extraordinary Assumption the information included in the Appraisal Report is consistent with the properties' actual characteristics.*

*The contents of this Appraisal Review Report are a de facto representation of the Scope of Work used in this Appraisal Assignment.*

### **Certification**

The undersigned does hereby certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.*
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- I have no (or the specified) present or prospective interest in the property that is the subject of the work under review and no (or the specified) personal interest with respect to the parties involved.*
- I have performed no (or the specified) other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.*
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.*

- My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.*
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.*
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- I have made a personal inspection of the subject of the work under review.*
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.*
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.*
- As of the date of this report, Craig A. Owyang, MAI, SRA has completed the continuing education program of the Appraisal Institute.*

Respectfully,

**Craig Owyang Real Estate**



Craig A. Owyang, MAI, SRA, SR/WA & R/W-AC  
President

Attachment (two):

East-West Forestry Associates  
Timber Appraisal Review Report - March 3, 2014  
Mr. Thomas Gaman  
Appraisal Specifications  
Cemex Santa Cruz Mountains Forest Conservation Easement  
Valbridge Property Advisors | Hulberg & Associates  
Contract #: RA-1227BG

## **QUALIFICATIONS - CRAIG A. OWYANG, MAI, SRA, SR/WA & R/W-AC**

### **Professional Experience-**

***Craig Owyang Real Estate***, Elk Grove & San Mateo, CA, President - Since December 1992.

***Robert Ford & Assoc., Inc.***, Modesto, CA, President - Since July 2008.

Appraisal assignments have been prepared for various property types including: multi- and single-tenant office, industrial, research & development, retail, vacant land, bulk shipping facilities, transitional land, orchards, row & field crops, residential and industrial subdivisions, and multi-family residential properties (with below market rent units & municipal bond financing). These assignments have been performed for purposes including: asset management, acquisition/disposition, market rent arbitration, litigation support, damage assessment, eminent domain and mortgage & construction loan underwriting. Property rights analyzed include full and partial interests, divided and undivided. Partial takings have included analysis of severance/consequential damages as well as benefits to property remainders. Consulting assignments have been conducted for real estate pension fund advisors, private trusts as well as real estate investment trusts (REITs). The scope of the assignments have included asset assessment, loan & investment underwriting and acquisition/disposition counseling. The consulting assignments have been performed for a variety of due diligence, investment and litigation support functions.

***The Reitman/Heckman Group***, Palo Alto, CA, Associate - January 1991 through December 1992.

Prepared as principal appraiser, narrative form appraisal reports of single family residences, multi-family residential (with below market rent units & municipal bond financing), subdivision analysis (residential and industrial), multi-tenant & single-tenant office, research & development, industrial, hospitality and vacant land. Appraisal assignments have been performed for purposes including: portfolio & asset management, acquisition/disposition, litigation preparation, damage assessment, eminent domain and mortgage & construction loan/guarantee underwriting.

***Shorett & Reily***, San Jose, CA, Real Estate Appraiser & Consultant - January to December 1988.

Prepared as principal appraiser, narrative form appraisal reports of multi-family residential, commercial/industrial, multi-tenant automotive repair facilities and mixed-use properties (both existing & proposed) for purposes including asset valuation, eminent domain, construction & mortgage loan underwriting.

***Craig Owyang Appraisal***, Los Gatos, CA, Principal - January 1985 through January 1991.

Prepared as principal & review appraiser, appraisal reports of one to four unit residential properties for purposes of mortgage & construction loan underwriting.

### **Certification-**

State of California - Certified General Real Estate Appraiser (AG-009478 expires March 9, 2015)

### **Testimony**

Mr. Owyang has given expert testimony on a number of occasions in depositions as well as in United States Bankruptcy Court, Superior Court of California (San Mateo, Sacramento & Yolo Counties) as well as arbitration hearings.

## **Professional Memberships & Activities-**

### ***Appraisal Institute:***

**MAI - Member, Appraisal Institute (MAI - 10273)**

**SRA - Senior Residential Appraiser**

**Professional Development Programs Completed:**

Litigation

Valuation of Conservation Easements

Continuing Education Completed. Continuing Education Requirements met through 2019.

### ***National Activities:***

**Board of Directors**, Elected to Director for 2004-2006 term

**General Council**, Elected to Council Member for 2003-2005 term and Vice-Chair - 2004

**Educational Programs Committee**, Committee Member - 2001-2003

**General Comprehensive Examination Panel**, Vice-Chair - 2002-03 and Committee Member - 2000-03, 2007 to now

**Associate Members Guidance Subcommittee**, Committee Member - 1999 & 2000

**Leadership Development Advisory Council**, Delegate - 1994, 1995, 1998 & 2000

**Education Division**, Faculty from 1995 to 2007

### ***Regional Activities:***

**Region I**, Representative - 1998-2001

### ***Chapter Activities - Northern California Chapter:***

**Executive Committee**, President - 2001, Vice President - 2000 and Treasurer - 1999

**Board of Directors**, Director - 1998

**Education Committee (Courses)**, Chair - 1995 through 1997 and Committee Member - 1993 & 1994

**Seminars (General) Committee**, Committee Member - 1993

### ***International Right of Way Association:***

**Senior Member, International Right of Way Association (SR/WA - 5826)**

Expires September 1, 2014

**Right of Way - Appraisal Certified (R/W-AC)**

Expires September 1, 2014

## **Teaching Qualifications-**

### ***Appraisal Institute - 1995 through 2007:***

**Basic Appraisal Principles** - Instructor

**Basic Appraisal Procedures** - Instructor

**Course 310**, Basic Income Capitalization - Instructor & Chief Reviewer

**Course 400**, National USPAP Update Course - 7-Hour - Instructor

**Course 410**, National USPAP Course - 15-Hour - Instructor

**Course 420**, Business Practices & Ethics - Instructor

**Course 510**, Advanced Income Capitalization - Instructor

**Course 520**, Highest & Best Use and Market Analysis - Instructor

**Course 530**, Advanced Sales Comparison & Cost Approaches - Instructor

**Course 540**, Report Writing & Valuation Analysis - Instructor

**Course 550**, Advanced Applications - Instructor

### ***The Appraisal Foundation - Since 2002:***

**AQB Certified USPAP Instructor** (Instructor ID #10512 expires March 31, 2014)

### ***Foothill-DeAnza Community College District - 1994:***

**Instructor** - Foothill Community College, Advanced Real Estate Appraisal

## Teaching Assignments

### *Appraisal Institute-*

General Appraiser Income Approach (Part II) - Baltimore, MD - August 2007  
General Appraiser Income Approach (Part I) - Baltimore, MD - August 2007  
Advanced Applications - Fairfield, CA - August 2007  
Advanced Sales Comparison & Cost Approaches - Guangzhou, P.R. China - June 2007  
Advanced Sales Comparison & Cost Approaches - Tianjin, P.R. China - May 2007  
General Appraiser Market Analysis and Highest & Best Use - Sacramento, CA - April 2007  
Advanced Sales Comparison & Cost Approaches - Seoul, Korea - March 2007  
General Appraiser Market Analysis and Highest & Best Use - Pleasanton, CA - February 2007  
Advanced Sales Comparison & Cost Approaches - Sacramento, CA - January 2007  
Highest & Best Use and Market Analysis - Pleasanton, CA - November 2006  
Advanced Sales Comparison & Cost Approaches - Boise, ID - July 2006  
Advanced Sales Comparison & Cost Approaches - Beijing, P.R. China - April 2006  
Basic Appraisal Procedures - Fremont, CA - February 2006  
Report Writing and Valuation Analysis - Pleasanton, CA - January 2006  
Basic Appraisal Principles - Fremont, CA - January 2006  
Advanced Income Capitalization - Livermore, CA - June 2005  
Highest & Best Use and Market Analysis - Sacramento, CA - May 2005  
Basic Income Capitalization - San Francisco, CA - April 2005  
Basic Appraisal Principles - Concord, CA - April 2005  
Basic Appraisal Procedures - Sacramento, CA - March 2005  
Real Estate Finance, Value, and Investment Performance - Honolulu, HI - February 2005  
Appraisal Consulting: A Solutions Approach for Professionals - Honolulu, HI - February 2005  
Basic Appraisal Principles - Sacramento, CA - February 2005  
Advanced Applications - San Jose, CA - January 2005  
Basic Income Capitalization - Sacramento, CA - October 2004  
Advanced Sales Comparison & Cost Approaches - Lake Oswego, OR - September 2004  
Appraisal Procedures - San Jose, CA - June 2004  
Basic Income Capitalization - Dublin, CA - May 2004  
Appraisal Principles - Sacramento, CA - March 2004  
Advanced Income Capitalization - Sacramento, CA - February 2004  
Appraisal Principles - Dublin, CA - January 2004  
Basic Income Capitalization - South San Francisco, CA - December 2003  
Appraisal Procedures - South San Francisco, CA - November 2003  
Basic Income Capitalization - Spokane, WA - October 2003  
Appraisal Principles - Seattle, WA - October 2003  
Appraisal Principles - South San Francisco, CA - September 2003  
Appraisal Procedures - Lathrop, CA - August 2003  
Advanced Sales Comparison & Cost Approaches - Concord, CA - August 2003  
Appraisal Principles - Modesto, CA - August 2003  
7-Hour National USPAP Update Course - Boise, ID - June 2003  
Appraisal Principles - Dublin, CA - April 2003  
Appraisal Procedures - Concord, CA - March 2003  
Appraisal Principles - Concord, CA - January 2003  
Basic Income Capitalization - Pleasanton, CA - November 2002  
Appraisal Procedures - Pleasanton, CA - October 2002  
Appraisal Principles - Pleasanton, CA - September 2002  
Standards of Professional Practice, Part B - Modesto, CA - August 2002  
Standards of Professional Practice, Part A (USPAP) - Modesto, CA - August 2002  
Advanced Income Capitalization - Fountain Valley, CA - July 2002  
Appraisal Procedures - Pleasanton, CA - June 2002  
Appraisal Procedures - Pleasanton, CA - February 2002  
Appraisal Principles - Pleasanton, CA - January 2002  
Appraisal Principles - Sacramento, CA - December 2001  
Highest & Best Use and Market Analysis - Stockton, CA - December 2001  
Basic Income Capitalization - San Diego, CA - June 2001  
Basic Income Capitalization - Dublin, CA - May 2001  
Appraisal Procedures - Dublin, CA - April 2001  
Appraisal Principles - Dublin, CA - March 2001  
Basic Income Capitalization - San Francisco, CA - June 2000  
Appraisal Procedures - Novato, CA - May 2000

*continued ...*

## Teaching Assignments (cont.)

### *Appraisal Institute-*

Appraisal Principles - Dublin, CA - April 2000  
Appraisal Procedures - Dublin, CA - June 1999  
Appraisal Principles - Dublin, CA - March 1999  
Basic Income Capitalization - San Francisco, CA - May 1998  
Appraisal Procedures - Concord, CA - March 1998  
Appraisal Principles - Dublin, CA - July 1997  
Appraisal Procedures - Dublin, CA - April 1995

## Professional Education-

### *Appraisal Institute-*

#### **Courses:**

Online 7-Hour National USPAP Equivalent Course - February 2011  
Online AQB USPAP Instructor Recertification Course - March 2010  
Valuation of Conservation Easements - August/September 2009  
The Appraiser as an Expert Witness: Preparation & Testimony - April 2009  
Online Business Practices and Ethics - February 2009  
Online 7-Hour National USPAP Equivalent Course - February 2009  
Condemnation Appraising: Principles & Applications - January 2009  
Litigation Appraising: Specialized Topics & Applications - November 2008  
AQB USPAP Instructor Recertification Course - 2007  
Uniform Appraisal Standards for Federal Land Acquisitions - April/May 2006  
AQB USPAP Instructor Recertification Course - April 2005  
Report Writing and Valuation Analysis - December 2001 & August 2004  
USPAP Instructor Certification - September 2002  
Advanced Income Capitalization - October 2001 & June 2002  
Advanced Applications - February 2002  
Advanced Sales Comparison & Cost Approaches - June 1999 & July 2001  
Highest & Best Use and Market Analysis - August 2000  
Standards of Professional Practice, Part B - January 1998  
Standards of Professional Practice, Part A (USPAP) - January 1998  
Basic Income Capitalization - August 1995  
Appraisal Principles - May 1995  
Appraisal Procedures - February 1995  
Faculty Training Workshop - October 1994  
The Appraiser's Complete Review - July/August 1993  
Applied Residential Property Valuation - July 1990  
Applied Income Property Valuation - March 1990  
Standards of Professional Practice - October 1989  
Capitalization Theory & Techniques, Part B - June 1988  
Capitalization Theory & Techniques, Part A - April 1988

#### **Seminars:**

Federal Agency Update - January 2010  
Valuation of Easements and Other Partial Interests - September 2009  
2009 Annual Spring Litigation Conference - May 2009  
2008 Annual Fall Conference - October 2008  
2007 Litigation Shared Interest Group Even - March 2007  
Real Estate Appraisal: Past, Present & Future - January 2007  
Scope of Work: Expanding Your Range of Services - May 2006  
Uniform Appraisal Standards for Federal Land Acquisitions - April & May 2006  
2006 State of the Profession - January 2006  
2005 Annual Fall Conference - October 2005  
Arbitration - What You Can't Learn from Books - September 2005  
Market Analysis and the Site to Do Business - July 2005  
2004 Annual Fall Conference - October 2004  
Appraisal Consulting: A Solutions Approach for Professionals - November 2002  
Analyzing Operating Expenses - September 2002

***International Right of Way Association-***

**Courses:**

Reviewing Appraisals in Eminent Domain (Course 410) - February 2011  
Engineering Plan Development & Application (Course 901) - March 2009  
Principles of Real Estate Engineering (Course 900) - March 2009  
Bargaining Negotiations (Course 205) - March 2009  
Alternative Dispute Resolution (Course 203) - March 2009  
Principles of Real Estate Negotiation (Course 200) - February 2009  
Conflict Management (Course 213) - February 2009  
Ethics & the Right of Way Profession (Course 103) - February 2009  
Principles of Real Estate Law (Course 800) - January 2009  
The Appraisal of Partial Acquisitions (Course 401) - March 2004

***Appraisal Foundation - McKissock-***

**Courses:**

Online AQB USPAP Instructor Recertification Course - March 2012  
Online AQB USPAP Instructor Recertification Course - December 2013

***State of California - Office of Real Estate Appraisers - Real Estate Appraiser License (AG009478)***







***East-West Forestry Associates***  
***PO Box 276***  
***Inverness, CA 94937***  
***415 237 0075***

*www.forestdata.com tgaman@forestdata.com*

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***Thomas Gaman, Registered Forester #1776***

March 28, 2014

Mr. Craig Owyang  
4965 Willow Vale Way  
Elk Grove, CA 95758

Dear Mr. Owyang

I have reviewed the portion of the Cemex timber appraisal as you requested. My report is contained within this letter.

***Introduction***

Craig Owyang, MAI appraiser, commissioned me, on behalf of the Wildlife Conservation Board, to review a timber appraisal for the proposed Cemex Property in Santa Cruz County dated 27 September 2013 and prepared by Gene Forsburg. The appraisal is based upon data from a 2006 timber cruise completed by ERS of Santa Rosa, and subsequent timber harvest records. The 16-page timber "Summary of Appraisal of Timber..." by Gene Forsburg (9/27/2013) is the only document that I reviewed. This letter provides a summary of that review. I did not review any of the forest inventory compilation or conservation planning documents. I do, however, have some work experience on the Cemex property. My company East-West Forestry Associates, Inc. subcontracted some of the field work on the 2006 cruise. Also I participated in a proposal for a management plan for the property, which included a site tour and review of the documents to date, in June 2013. Therefore I am familiar with the Cemex property, its proposed Conservation Easement and its recent management history.

***Acreage and Potential Timber Harvestable Volume***

The appraisal summary considers that the property is 8158 acres in the main block of which 93% or 7580 acres are commercial forestlands. The 2006 inventory is updated to 2013, calculated using a 2.2% growth rate and then also subtracting for harvest and fire losses. According to the updated 2006 Cemex Forest Management Plan inventory by ERS, cited in the report, there are 115.6 million board feet of redwood, 25.6 million board feet of Douglas-fir on the property, a substantial hardwood volume (mostly tanoak) and some Monterey pine. I checked with John Williams of ERS and have verified that the inventory numbers reported on page 3 are identical to those in the 2006 inventory.

The appraisal of the Conservation Easement is accomplished by valuing the property twice, using "before" and "after" scenarios. The difference is the appraised value of the Conservation Easement. Such an approach is conventional appraisal methodology. Since there are numerous legal restrictions on timber harvest in Santa Cruz County the appraiser restricted projected harvests under the "before" scenario to be approximately 40% of timber over each 12-year period, or 2.8 million board feet per year (an average of 369 board feet per timberland acre),

which is approximately growth. This sounds like a reasonable assessment.

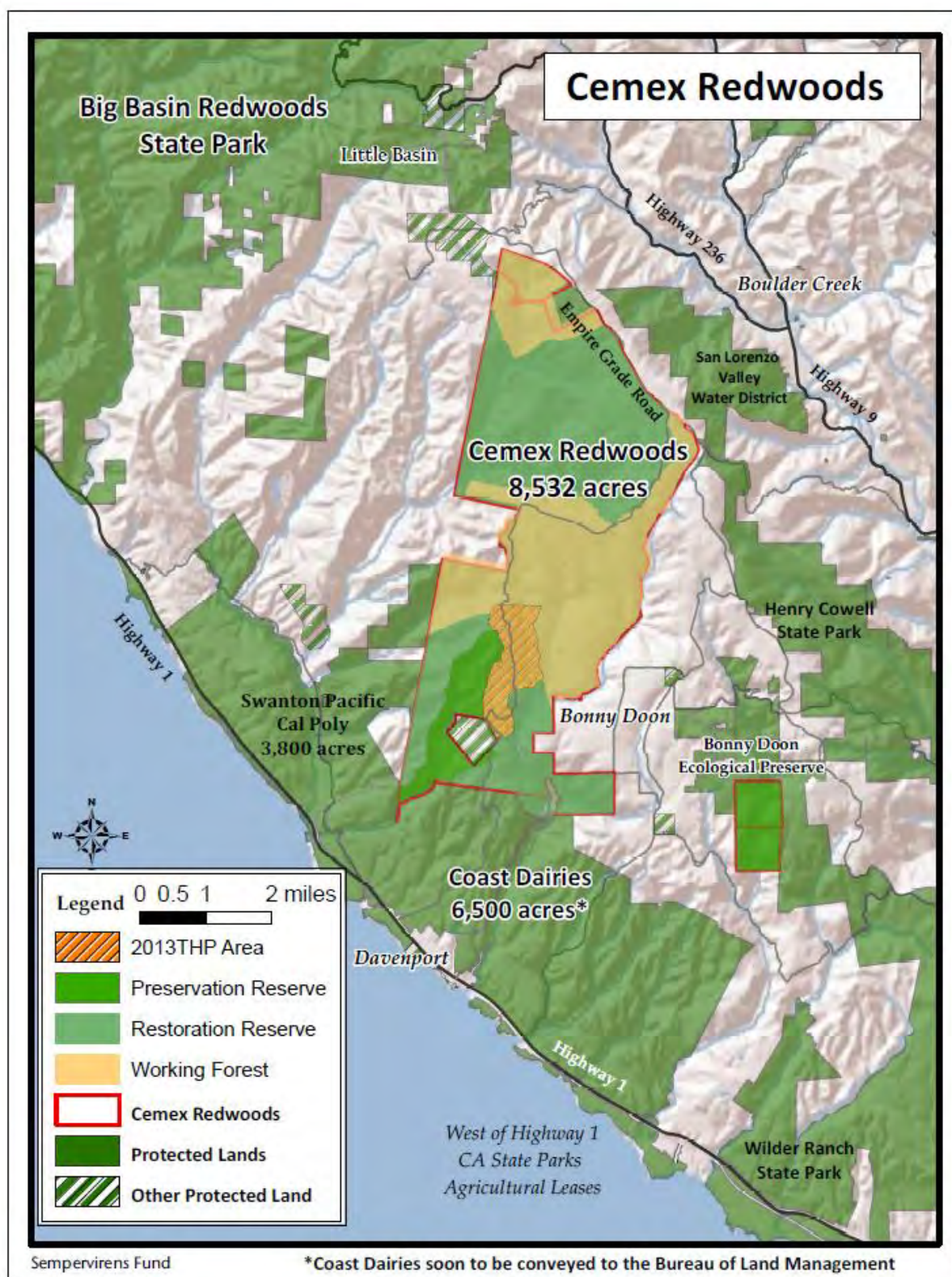


Figure 2. Map of Cemex Redwoods from the 2013 Management Plan land classification.

### *Stumpage Valuations and Logging Costs*

I have previously reviewed 2 similar appraisals for Wildlife Conservation Board in February 2014 (East Side Unit, West Side Unit at Whitethorn, California). The stumpage and logging/hauling costs shown in the table on page 7 of the Cemex Summary are almost precisely in line with 2013 delivered log prices on the North Coast. I had checked with Chris Hipkin, RPF on February 3, 2014, who thought that the logging and hauling prices are reasonable and characteristic of the redwood region at this time. Nick Kent, RPF, also confirmed that log prices and harvest costs are reasonable. Both of these foresters are regularly involved in timber sales.

In this case such an annual “Gathered revenues” value of \$1.012 million for the “before” scenario is reasonable and accurate. The net present value analysis discount rate of 7.0% sounds reasonable. Therefore the net present value (NPV) of \$8,038,793 for the “before” timber value is also acceptable.

### *Main Block “After” Scenario*

The appraiser is unsure as to what effect the Conservation Easement will have on reserve forests, notes that the management prescriptions are not yet developed, and therefore, due to “risk and uncertainty”, discounts the timber as 25% recoverable in “Restoration Units”. In “Working Forest” the allocated legal timber volumes would be 100% recoverable (see table page 9). The Preservation Reserve forest would have no timber harvests and hence no value.

A confusing element of the report appears in the table on page 9 (Allocation of Main Block...) The table states that there would be 3184 acres of working forest, 2523 acres of Restoration Units and the 327 acre Molino Preservation. I checked with Abigail Adams of Peninsula Open Space Trust (POST) whose information is that “the working forest is 3,669 acres, the (acreage of) restoration reserves (for restoration forestry) is 3,951 acres and the preservation reserve (no harvesting at all) is 912 acres, according to the conservation plan”. While inconsistent, these divergent acreage figures do not significantly affect the appraisal. The reason for this is that the harvestable volumes and appraisal are based upon the total volume and growth as adjusted from the 2006 ERS report (which reported on 7580 acres of commercial forestland on the Main Block), and the acreages proportionally are not very different. When calculating percent “loggable” in the “after” scenario, my calculations, based on the POST acreages, resulted in 57% of all timber being harvestable vs. the report (based on stratified inventory reports with higher precision) that claims 64% of redwood and 54% of Douglas-fir as harvestable. If anything the summary in this case would be overvaluing the “after” scenario and, as such, the value of the Conservation Easement would be slightly more than the stated dollar figure.

I spoke with Gene Forsburg on 3 March, 2014 and resolved the matter. This issue relates to a timber type map that is not part of the Forsburg Summary, and it excludes acres that are unstocked commercial forestland—that is they are capable of supporting commercial forests but are presently stocked with 100% tanoak. This means that the property main block overall includes approximately 2317 acres of land that have no timber value at all. I have not confirmed this and I have not reviewed the prior inventory report, the type maps, or other data not included in the Summary document.

While there are calculations that are external to the document, and unavailable to me, estimates that 64% of redwood and 54% of Douglas-fir would be “loggable” under the Conservation Easement (table page 9) seem to be credible and, based on my independent averaged calculations, are likely to be correct. Since the numbers flow to the table on page 10 the NPV of \$4,753,858 would in such a case also be accurate.

### *Laguna Creek Property*

The Laguna Creek Property, 357 acres, is land locked and has no legal access. The appraiser believes that, for a fee, one-time access could be obtained for the purposes of logging activities. Based on a recent timber cruise commissioned by the appraiser, the property is stocked with approximately 3.3 million board feet of redwood and an equal volume of Douglas-fir. The appraisal analysis estimates that, given logistic and legal constraints, 1.7 million board feet is loggable. For valuation the appraiser uses a valuation methods similar to those used for the Main Block. The valuation, which after expenses and discounted future values, is \$357K or \$1000/acre. The Summary Appraisal assesses the “before” scenario using much the same logic as per the Main Block. The valuation seems quite reasonable.

The Laguna Creek Property is designated as a preserve following the implementation of the Conservation Easement and as such would be forever wild and would therefore have no timber value.

If you should have questions please do not hesitate to contact me.

Sincerely

A handwritten signature in cursive script that reads "Tom Gaman". The ink is dark and the signature is fluid.

Tom Gaman, President



Cemex Santa Cruz Mountains Forest Conservation Easement  
Santa Cruz County  
Contractor: Valbridge Property Advisors  
Hulberg & Associates  
Contract #: RA-1227BG

### **Appraisal Specifications**

The appraisal must be developed and signed by the owner or a principal partner of the contracting firm. The appraisal must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) currently adopted by the Appraisal Standards Board of the Appraisal Foundation. In addition to USPAP reporting requirement, the appraisal report must contain the following:

1. Title page with sufficient identification of appraisal project.
2. Letter of transmittal summarizing important assumptions and conclusions, value estimate, date of value, date of report, etc.
3. Table of contents.
4. Assumptions and Limiting Conditions.
5. Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining relevant data.
6. Definition of Fair Market Value, as defined by California Code of Civil Procedures, Section 1263.320.
7. Photographs of significant physical features, including the interior of residential units.
8. Copies of Assessor's plat maps with the subject parcels marked and an assemblage of all contiguous Assessor's parcels that depict the ownership.
9. The legal description of subject property.
10. For large, remote, or inaccessible parcels, provide aerial photographs or topographical maps depicting the subject boundaries.
11. Three year subject property market history, including all sales, listings, leases, applications for permits, etc.
12. Discussion of any current Agreement of Sale, option, or listing of subject. This issue requires increased diligence since state agencies often utilize non-profit organizations to quickly acquire sensitive-habitat parcels using Option Agreements. However, due to confidentiality clauses, the terms of the Option are often not disclosed to the state. If the appraiser discovers evidence of an Option, or the possible existence of an Option, and the terms cannot be disclosed due to a confidentiality clause, then the appraiser is to cease work and contact the Executive Director of the Wildlife Conservation Board, or his designee who executed this agreement. Current Department of General Services (DGS) policy requires disclosure of any Option or Purchase Agreement. If the Agreement is not made available, the DGS will not review the appraisal.
13. Regional, area, and neighborhood analyses.
14. Market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area (or other areas of competition), and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
15. Discussion of subject land/site characteristics (size, topography, current use, zoning and land use issues, development entitlements, General Plan designations, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, taxes and assessments, etc.).
16. Description of subject improvements, including square footage, room counts for bedrooms and baths, physical age, type of construction, quality of construction, landscaping, etc.
17. Subject leasing and operating cost history.
18. Opinion of highest and best use for the subject property, based on an in depth analysis supporting the concluded use. Such support typically requires a discussion of the four criteria or tests utilized to

determine the highest and best use of a property. If alternative feasible uses exist, explain and support market, development, cash flow, and risk factors leading to an ultimate highest and best use.

19. All approaches to market value applicable in the subject market. Explain and support the exclusion of any usual approaches to value.
20. Map(s) showing all comparable properties in relation to subject property.
21. Photographs and plat maps of comparable properties.
22. In depth discussion of comparable properties, and direct comparisons to subject property.
23. Comparable data sheets. For sales, include information on grantor/grantee, sale/recordation dates, listed or asking price as of date of sale, days on market, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvement, and confirming source. For leases, include significant information such as lessor/lessee, lease date and term, type of lease, rent and escalation, expenses, size of space leased, tenant improvement allowance, concessions, use restrictions, options, and confirming source.
24. If applicable, discussion of construction cost methodology, data source used, costs included and excluded, depreciation methodology, a discussion of accrued depreciation from all causes, and remaining economic life.
25. If applicable, copies of construction cost data including, section and pages of cost manual (date of estimate or date of publication of cost manual must be provided if not indicated on page), copies of cost estimate if provided from another source, and supporting calculations including worksheets or spreadsheets.
26. In part-take situations, a discussion of severance damage (or lack of it).
27. Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit and discuss the effect of title exceptions on fair market value. If unavailable, the appraisal should be made contingent upon review of the preliminary title report.
28. Implied dedication statement.
29. Reconciliation and final value estimate. Explain and support conclusions reached.
30. Discussion of any departures taken in the development of the appraisal.
31. Signed Certification.
32. If applicable, in addition to the above, appraisals of telecommunication sites must also provide:
  - A discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant market factors impacting demand for site acquisition and leasing within the relevant market area.
  - An analysis of other (ground and vault) leases comparable to subject property. Factors to be discussed in the analysis include the peak information including latitude, longitude, AMSL, AGL and Site ID; type of tower, tower size, number of rack spaces, number of racks occupied, placement of racks, load factors, power source and adequacy, back-up power, vault and site improvements description and location on site; other utilities, access, and road maintenance costs.
33. There are occasions where properties involve water rights, minerals, or merchantable timber that require separate valuations. If the Certified General Real Estate Appraiser determines that there may be water rights, minerals, or merchantable timber that require separate valuations, the appraiser will notify his/her client. The client may choose to modify the scope of the appraisal assignment to include water rights, minerals, or timber valuation by a credentialed subject matter specialist. In such cases, the appraisal review package submitted to DGS will include the real estate appraisal, the appraisal of water rights, minerals, or merchantable timber by a credentialed subject matter specialist, and a review of the water rights, minerals, or merchantable timber appraisal by a second credentialed subject matter specialist.